

TO: Commissioner of Patents P.O. Box 1450 Alexandria, VA 22313-1450	REPORT ON THE FILING OR DETERMINATION OF AN ACTION REGARDING A PATENT OR TRADEMARK
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In Compliance with 35 § 290 and/or 15 U.S.C. § 1116 you are hereby advised that a court action has been filed in the U.S. District Court Colorado on the following Patents

DOCKET NO.	DATE FILED	U.S. DISTRICT COURT
11-cv-02405	9/13/11	FOR THE DISTRICT OF COLORADO
PLAINTIFF B.I. Incorporated		DEFENDANT Satellite Tracking of People, LLC, et al.,
PATENT OR	DATE OF PATENT	HOLDER OF PATENT OR TRADEMARK
1 RE38,838		Please see copy of Complaint attached hereto
2 6,160,481		
3		
4		
5		

In the above—entitled case, the following patent(s) have been included:

DATE INCLUDED	INCLUDED BY	<input type="checkbox"/> Amendment <input type="checkbox"/> Answer <input type="checkbox"/> Cross Bill <input type="checkbox"/> Other Pleading
PATENT OR	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK
1		
2		
3		
4		
5		

In the above—entitled case, the following decision has been rendered or judgement issued:

DECISION/JUDGEMENT

CLERK GREGORY C. LANGHAM	(BY) DEPUTY CLERK	DATE
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Copy 1—Upon initiation of action, mail this copy to Commissioner Copy 3—Upon termination of action, mail this copy to
Copy 2—Upon filing document adding patent(s), mail this copy to Commissioner Copy 4—Case file copy

Dated: September 13, 2011

Respectfully submitted,

/s/ Timothy P. Getzoff
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**ATTORNEYS FOR PLAINTIFF
BI INCORPORATED**

Plaintiff's Address:
6400 Lookout Road
Boulder, Colorado 80301

5230693_1.DOC

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

Civil Action No.

B.I. INCORPORATED, a Colorado Corporation,

Plaintiff,

vs.

SATELLITE TRACKING OF PEOPLE, LLC
(a/k/a STOP, LLC), and

MICHELLE ENTERPRISES, LLC,

Defendants.

**COMPLAINT FOR DECLARATORY JUDGMENT
OF PATENT INVALIDITY**

Plaintiff, B.I. Incorporated, (“BI”), in support of its Complaint for Declaratory Judgment of Patent Invalidity against Satellite Tracking Of People, LLC (“STOP”) and Michelle Enterprises, LLC (“Michelle”) (STOP and Michelle collectively referred to as “Defendants”), alleges and states as follows:

PRELIMINARY STATEMENT

1. This is an action seeking a declaration that each claim of the re-issued United States patents identified below are invalid under the requirements of 35 U.S. C. § 251, as they improperly “recapture” subject matter surrendered during prosecution of the original patent. STOP has asserted that one or more products manufactured, distributed, and/or sold by B.I. Incorporated infringes one or more claims of United States Patent No. RE39,909 (“the ‘909 patent”), a patent that was re-issued from United States Patent No. 6,160,481 (“the ‘481 patent”).

Due to the invalidity of the '909 patent, however, BI is not required to take a license as demanded by STOP. Currently, BI is at risk of being sued for infringement, although Defendants have yet to institute any action to resolve this justiciable controversy. Pursuant to 28 U.S.C. §§ 2201-2202, declaratory relief is necessary and appropriate to resolve and establish BI's right to continue to manufacture, distribute or sell the accused products.

PARTIES

2. Plaintiff, BI, is a corporation duly organized under the laws of Colorado, in good standing, and has its principal place of business at 6400 Lookout Road, Boulder, Colorado, 80301.

3. Defendant STOP is a Delaware corporation with its principal place of business at 1212 North Post Oak Road, Suite 100, Houston, Texas, 77055.

4. Defendant Michelle is a Florida limited liability company with its principal place of business at 19080 S.W. 44th Street, Dunnellon, Florida, 34432.

JURISDICTION AND VENUE

5. This action arises and is brought under the Declaratory Judgment Act, 28 U.S.C. §§ 2201-2202, and the United States Patent Act. 35 U.S.C. § 1, *et. seq.*

6. This Court has subject matter jurisdiction pursuant to 15 U.S.C. § 1121 and 28 U.S.C. §§ 1331, 1338(a), and §§ 2201-2202.

7. This Court possesses personal jurisdiction over Defendant STOP because it is registered to do business in Colorado and has actively offered for sale and/or sold products in the State of Colorado. In addition, STOP has purposefully availed itself of the jurisdiction of Colorado by virtue of selling and/or offering to sell products in Colorado.

8. This Court possesses personal jurisdiction over Defendant Michelle because of Michelle's on-going relationship with STOP regarding enforcement of the Patents-In-Suit against Colorado residents and others, as well as its receipt of royalty payments due to STOP's transacting business and sales of products in Colorado.

9. Venue is proper in this district pursuant to 28 U.S.C. § 1331(b) because a substantial part of the events giving rise to the claim exist in Colorado, namely BI's marketing, distribution and selling of products alleged by Defendants to infringe their patents.

GENERAL ALLEGATIONS

Defendants' Patents

10. Michelle is the owner of United States Patent No. 6,160,481 ("the '481 patent") entitled *Monitoring System*.

11. The following patents re-issued from the '481 patent: (1) United States Patent No. US RE38,838 E ("the '838 patent") entitled *Monitoring System* (copy attached as *Exhibit A*); (2) United States Patent No. US RE39,909 E ("the '909 patent") entitled *Tracking System For Locational Tracking Of Monitored Persons* (copy attached as *Exhibit B*); and (3) United States Patent No. US RE42,671 E ("the '671 patent") entitled *Tracking System For Locational Tracking Of Monitored Persons* (copy attached as *Exhibit C*).

12. Michelle is the owner by assignment of the '838 patent, the '909 patent, and the '671 patent (hereinafter the "Patents-In-Suit"). All three Patents-In-Suit share the same specification and recite similar claims.

13. STOP is the exclusive licensee of the '838 patent, the '909 patent, and the '671 patent, and has been granted by Michelle the full right to bring suit to enforce the Patents-In-Suit.

STOP's Claims that BI Must Take a Patent License to Continue Manufacturing, Distributing, and Selling Certain of its Products.

14. Both STOP and BI are competitors in the field of remote location monitoring of individuals. STOP's and BI's products and systems are used, for example, by correction officers to monitor parolees and other individuals who are subject to some form of supervised release.

15. In 2008, Defendants filed suit against at least three other competitors in the same field of remote location monitoring, asserting that these parties were infringing at least the '909 patent. Defendants settled the 2008 lawsuit against all parties prior to trial or judgment on the merits. The terms of Defendants' prior settlements have not been disclosed to BI.

16. On April 11, 2011, an attorney on behalf of STOP sent a letter to BI, identifying STOP as having "licensing and enforcement authority" for the '909 patent.

17. In the April 11, 2011 letter, STOP's attorney asserted that "BI is currently marketing such a product [that utilizes one-piece tracking devices] as the BI ExacuTrack One." The letter then purported to "open discussions as to whether BI would like to license RE 39,909 and its family members." A copy of the April 11, 2011 letter is attached as ***Exhibit D***.

18. On May 11, 2011, the CEO and President of STOP met with BI at BI's offices in Boulder, Colorado, to discuss STOP's contention that BI's ExacuTrack One product infringed the '909 patent and required a patent license. At that meeting, BI raised with STOP its belief that the '909 patent was invalid due to improper "recapture" and, therefore, did not require a license. STOP's CEO unequivocally disagreed with BI's position and stated his position that BI must obtain a license for the '909 patent and its "family members," including the '838 patent.

19. Thereafter, the patent attorneys from the respective parties met and discussed BI's position that the '909 patent and any other reissue patent based on the same claims and

specification are invalid for violating 35 U.S.C. § 251, which prohibits a patentee from “recapturing” subject matter that was surrendered in prior prosecution.

20. On August 26, 2011, BI’s President sent STOP’s CEO a letter informing STOP of BI’s conclusion that the ’909 patent is invalid due to recapture, yet proposing a cross-license arrangement as a compromise settlement. A copy of BI’s August 26, 2011 letter is attached as ***Exhibit E.***

21. On August 30, 2011, STOP responded to BI’s letter proposal, rejected the same, and expressed disagreement over the “recapture” issue stating: “So the reality is that if we were to litigate, BI has not expressed any reason why it does not infringe the ’909 patent, and . . . [BI] would have to argue . . . [that the USPTO] made a mistake.” STOP’s CEO then referenced the 2008 lawsuit involving the ’909 patent and other parties that purportedly agreed to licenses, and emphasized “the time/expense [STOP incurred] to have the ’909 patent pass the test of litigation/reissue/re-exam, and we have come out the other end fully supported.” A copy of STOP’s August 30, 2011 letter is attached as ***Exhibit F.***

22. STOP’s CEO concluded his letter with the assertion that “BI’s litigation position is horrendous,” and proposed a license arrangement for the Patents-In-Suit on terms that are patently unacceptable. *Id.* At this point, the parties are not able to settle this dispute other than through judicial means.

23. STOP’s repeated threats and demands that BI take a license for the Patents-In-Suit or face an infringement action, coupled with STOP’s prior litigation activity, creates a cloud of uncertainty over BI’s right and ability to continue marketing and selling its ExacuTrack One products. BI has an immediate interest in determining whether it is incurring liability under a

claim by STOP for infringement of the Patent-In-Suit or, on the other hand, whether the Patents-In-Suit are invalid for violating the recapture rule.

24. An immediate, concrete, and actual controversy exists regarding whether the Patents-In-Suit are invalid for violating the rule against recapture and, as a result, do not require that BI take a license as a condition to its continued marketing and sales of its ExacuTrack One products.

25. For these reasons, a substantial controversy exists between BI and STOP, who each have adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.

CAUSES OF ACTION

FIRST CAUSE OF ACTION

Declaratory Judgment of Invalidity
of Patent No. US RE39,909 E ('909 patent)

26. Plaintiff incorporates by reference the allegations contained in the preceding paragraphs.

27. The '909 patent is a continuation of the '838 patent, which re-issued from the '481 patent.

28. The claims of the '909 patent encompass subject matter that was previously surrendered during prosecution of the '481 patent. All claims of the '909 reissue patent are impermissibly broader than the original claims in violation of 35 U.S. C. § 251.

29. As a result, all claims of the '909 patent are invalid under the recapture rule, 35 U.S.C. § 251.

SECOND CAUSE OF ACTION

Declaratory Judgment of Invalidity
of Patent No. US RE38,838 ('838 patent)

30. Plaintiff incorporates by reference the allegations contained in the preceding paragraphs.

31. The '838 patent re-issued from the '481 patent.

32. The claims of the '838 patent encompass subject matter that was previously surrendered during prosecution of the '481 patent. All claims of the '838 reissue patent are impermissibly broader than the original claims in violation of 35 U.S. C. § 251.

33. As a result, the claims of the '838 patent are invalid under the recapture rule, 35 U.S.C. § 251.

THIRD CAUSE OF ACTION

Declaratory Judgment of Invalidity
of Patent No. US RE42,671 E ('671 patent)

34. Plaintiff incorporates by reference the allegations contained in the preceding paragraphs.

35. The '671 patent is a continuation of the '909 patent, which is a continuation of the '838 patent, which re-issued from the '481 patent.

36. All claims of the '671 reissue patent are impermissibly broader than the original claims in violation of 35 U.S. C. § 251.

37. As a result, the claims of the '671 patent are invalid under the recapture rule, 35 U.S.C. § 251.

PRAYER FOR RELIEF

FOR THESE REASONS, Plaintiff BI prays for a judgment in its favor and against Defendants as follows:

A. That the Court declare that all claims of the '909 patent violate the recapture rule in violation of 35 U.S.C. § 251 and are, therefore, invalid.

B. That the Court declare that all claims of the '838 patent violate the recapture rule in violation of 35 U.S.C. § 251 and are, therefore, invalid.

C. That the Court declare that all claims of the '671 patent violate the recapture rule in violation of 35 U.S.C. § 251 and are, therefore, invalid.

D. That the case is exceptional and awarding BI its costs and reasonable attorneys' fees under 35 U.S.C. § 285

E. For such other and further relief as the Court deems appropriate, just and equitable.